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Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-12 IO-14 ISO-00 SOE-02 AID-05
CEA-01 CIAE-00 COME-00 DODE-00 DOE-11 H-02 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-15
OES-07 SP-02 SS-15 STR-05 TRSE-00 ACDA-12 PA-02
PRS-01 FRB-01 XMB-04 OPIC-06 LAB-04 SIL-01 /169 W
----------014520 270910Z /12

R 270700Z DEC 77
FM AMEMBASSY BERN
TO SECSTATE WASHDC 5485
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION GENEVA

UNCLAS BERN 6051

EO 11652: N/A
TAGS: EGEN, EFIN, ETRD, SZ
SUBJ: SWISS REACTION TO PRESIDENT'S STATEMENT ON DOLLAR

REF: STATE 304567

1. AMB CALLED SWISS NATL BANK PRESIDENT
LEUTWILER TO INFORM HIM OF PRESIDENTS STATEMENT.
LEUTWILER SAID STATEMENT MADE HIM FEEL MORE OPTIMISTIC
ABOUT SITUATION ON INTL EXCHANGE MARKETS. WE ALSO
SENT COPIES OF STATEMENT TO SENIOR
OFFICIALS SNB AND FEDERAL FINANCE DEPT.

2. DOLLAR EXCHANGE RATE AGAINST SWISS FRANC DEC 22
ROSE FROM OPENING SF 2.0375 TO SF 2.05 AT CLOSING.
SNB SPOKESMAN SAID DOLLAR RATE INCREASE WAS DIRECTLY
RELATED TO PRESIDENTS STATEMENT WHICH SNB RECEIVED
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WITH SATISFACTION. EXCHANGE DEALERS NOTED STATEMENT
HAD FAVORABLE PSYCHOLOGICAL EFFECT ON DOLLAR RATE.

3. SNB GEN MGR PIERRE LANGUETIN TOLD PRESS PRESIDENT
COVERED FUNDAMENTAL LONG-TERMPROBLEM, IE, RESTROATION
OF BALANCE IN US EXTERNAL POSITION, BY STATING ACTION
IS NECESSARY TO DECREASE EXTERNAL DEFICIT WHICH IS

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DIRECTLY RELATED TO ENERGY IMPORTS. LANGUETIN STRESSED
PRESIDENTS STAATEMENT WILL HAVE IMPORTANT SHORT-
TERM EFFECT BECAUSE HE AFFIRMED US HAS RESPONSIBILITY
TO PROTECT DOLLAR INTEGRITY AND UNDERLINED FACT US
ECONOMY AND CURRENCY ARE SOUND. RECOGNITION THAT CURRENT
MARKET DISORDER UNJUSTIFIED IS INDICATION BY US
ADMINISTRATION THAT IS IS SEIZED OF PROBLEM AT HIGHEST
LEVEL.

4. LANGUETIN EXPRESSED SATISFACTION US WILL CONSULT
WITH ITS PARTNRS WHEN CONDUCTING MARKET INTERVENTIONS.
HE SAID INTERVENTION UNTIL RECENTLY APPRECIABLE BUT
NOT MASSIVE. LANGUETIN REITERATED THAT THOSE WHO HAD
GIVEN NEGATIVE INTERPRETATION TO OUTCOME OF DEC 12 BASEL
CENTRAL BANKER'S MEETING HAD BEEN MISTAKEN. PRESIDENT'S
STATEMENT WAS, HE THOUGHT, RELATED TO DISCUSSIONS AT
THAT MEETING, AMONG OTHER THINGS. HE ADDED THAT US
HAS NOT BEEN SENSITIVE TO DOLLAR PROBLEM BECAUSE
OF SIZE OF DOMESTIC US ECONOMY COMPARED TO US
FOREIGN TRADE.

5. RE FOREX MARKET OUTLOOK, LANGUETIN SAID IT WAS
HIS IMPRESSION CHANGE OF MARKET DIRECTION COULD BE
EXPECTED AS OF DEC 22, THOUGH OCCASIONAL REVERSES
COULD BE EXPECTED. ALTHOUGH ONE COULD NOT YET
BE EUPHORIC, HE THOUGHT THERE WAS SUFFICIENT BASIS
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FOR POSITIVE OUTLOOK.
ODELL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESIDENT, DOLLAR
Control Number: n/a
Copy: SINGLE
Sent Date: 27-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BERN06051
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770481-0916
Format: TEL
From: BERN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771217/aaaaanmt.tel
Line Count: 96
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ef630efd-c188-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
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Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Event:
Review Exemptions: n/a
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Review Release Event: n/a
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Review Withdrawn Fields: n/a
SAS ID: 129308
Secure: OPEN
Status: NATIVE
Subject: SWISS REACTION TO PRESIDENT\'S STATEMENT ON DOLLAR
TAGS: EGEN, EFIN, ETRD, SZ
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/ef630efd-c188-dd11-92da-001cc4696bcc
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